

State of Arizona  
House of Representatives  
Fifty-second Legislature  
Second Regular Session  
2016

# HOUSE BILL 2111

AN ACT

AMENDING SECTIONS 35-101, 35-112, 35-113 AND 41-1272, ARIZONA REVISED  
STATUTES; RELATING TO BUDGET PREPARATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:  
2 Section 1. Section 35-101, Arizona Revised Statutes, is amended to  
3 read:  
4 35-101. Definitions  
5 In this chapter, unless the context otherwise requires:  
6 1. "Allotment" means the allocation of an appropriation or other fund  
7 source over a full fiscal year within a budget program or expenditure class.  
8 2. "Annual budget unit" means the following agencies:  
9 (a) The department of education.  
10 (b) The Arizona board of regents.  
11 (c) Arizona state university.  
12 (d) Arizona state university west campus.  
13 (e) Arizona state university east campus.  
14 (f) The university of Arizona.  
15 (g) Northern Arizona university.  
16 (h) The school facilities board.  
17 (i) The department of economic security.  
18 (j) The state department of corrections.  
19 (k) The department of juvenile corrections.  
20 (l) The Arizona health care cost containment system.  
21 (m) The department of health services.  
22 (n) The department of administration.  
23 (o) The department of transportation.  
24 (p) The judiciary, including the supreme court, the court of appeals  
25 and the superior court.  
26 (q) The department of child safety.  
27 3. "Authorized agent" means a commercial enterprise **THAT IS** contracted  
28 to process transactions on behalf of a state agency.  
29 4. "Biennial budget unit" means any department, commission, board,  
30 institution or other agency of the state organization receiving, expending or  
31 disbursing state funds or incurring obligations against the state that is not  
32 an annual budget unit.  
33 5. "Budget estimates" means statements with accompanying explanations,  
34 as provided by this chapter, in which a budget unit states its financial  
35 requirements and requests appropriations.  
36 6. "Budget program" means functions and activities of a budget unit or  
37 within a budget unit that are preplanned to fulfill a distinct mission.  
38 7. "Budget unit" means any department, commission, board, institution  
39 or other agency of the state organization receiving, expending or disbursing  
40 state funds or incurring obligations against the state. Budget unit includes  
41 the annual budget units and biennial budget units.  
42 8. "Cardholder" means any person:  
43 (a) Named on the face of a credit card to whom or for whose benefit  
44 the credit card is issued by an issuer.

1 (b) In possession of a credit card with the consent of the person to  
2 whom the credit card was issued.

3 9. "Claim" means a demand against the state for payment for either:

4 (a) Goods delivered or, in the case of highway construction, goods or  
5 facilities to be delivered by the federal government.

6 (b) Services performed.

7 10. "Convenience fee" means an additional fee that is imposed by an  
8 authorized agent on a web-based or voice response portal transaction for the  
9 acceptance of a credit card that would not be charged if the same transaction  
10 were completed by an alternate method of payment.

11 11. "Credit card" means:

12 (a) Any instrument or device, whether known as a credit card, charge  
13 card, credit plate, courtesy card or identification card or by any other  
14 name, **THAT IS** issued with or without a fee by an issuer for the use of the  
15 cardholder in obtaining money, goods, services or anything else of value,  
16 either on credit or in possession or in consideration of an undertaking or  
17 guaranty by the issuer of the payment of a check drawn by the cardholder, on  
18 a promise to pay in part or in full at a future time, whether or not all or  
19 any part of the indebtedness represented by this promise to make deferred  
20 payment is secured or unsecured.

21 (b) Any debit card, electronic benefit transfer card or other access  
22 instrument or device, other than a check that is signed by the holder or  
23 other authorized signatory on the deposit account, that draws monies from a  
24 deposit account in order to obtain money, goods, services or anything else of  
25 value.

26 (c) Any stored value card, smart card or other instrument or device  
27 that enables a person to obtain goods, services or anything else of value  
28 through the use of value stored on the instrument or device.

29 (d) The number assigned to an instrument or device described in  
30 subdivision (a), (b) or (c) of this paragraph even if the physical instrument  
31 or device is not used or presented.

32 12. "Discount fee" means the fee **THAT IS** calculated and charged by the  
33 credit card issuer or a financial institution pursuant to an agreement for  
34 the processing of any credit card transaction.

35 13. "Encumbrance" means an obligation in the form of any purchase  
36 order, contract or other commitment ~~which~~ **THAT** is chargeable to an  
37 appropriation or any other authorized fund source and for which a part of the  
38 fund source is reserved. It ceases to be an encumbrance when paid or  
39 canceled.

40 14. "Expenditure class" means one of the kinds of expenditure denoting  
41 a class of services or commodities purchased or properties acquired as  
42 specified in the classification of expenditures prescribed by the director of  
43 the department of administration for use in expenditure accounting, in making  
44 budget estimates and in the budget reports and budgets.

1           15. "Issuer" means any business organization, state agency or  
2 financial institution, or its duly authorized agent, that issues a credit  
3 card.

4           16. "Prepayment" means the payment of a claim before receiving the  
5 goods or services.

6           17. "Processing fee" means a fee THAT IS charged by an entity other  
7 than a credit card issuer or the processing financial institution to process  
8 a credit card transaction.

9           18. "Purchase order" means a document that is signed by the  
10 appropriate agency authorized signatory, that requests a vendor to deliver  
11 described goods or services at a specific price and that on delivery and  
12 acceptance of the goods or services by this state becomes an obligation of  
13 this state.

14           19. "Transaction amount" means the total amount due to the state for  
15 any goods, service or license or anything else of value.

16           20. "ZERO-BASED BUDGET" MEANS A BUDGET ESTIMATE THAT IS PREPARED  
17 WITHOUT REGARD TO ANY PREVIOUS LEVEL OF FUNDING, SERVICES OR PERSONNEL.

18           Sec. 2. Section 35-112, Arizona Revised Statutes, is amended to read:

19           35-112. Forms for budget unit estimates; date of transmittal

20           A. The governor shall prescribe the forms to be used by the budget  
21 units in submitting their budget estimates and requests for appropriations,  
22 INCLUDING ZERO-BASED BUDGETS, in accordance with ~~the provisions of~~ this  
23 chapter and shall prepare necessary instructions for THE guidance of  
24 officials in preparing the budget estimates and requests, INCLUDING ZERO-  
25 BASED BUDGETS.

26           B. On or before June 1, the governor shall transmit to the  
27 administrative head of each budget unit at least three complete sets of  
28 prescribed forms on which budget estimates and requests for appropriations,  
29 INCLUDING ZERO-BASED BUDGETS, for the ensuing fiscal year are to be  
30 submitted.

31           Sec. 3. Section 35-113, Arizona Revised Statutes, is amended to read:

32           35-113. Submission of budget estimates

33           Every year for annual budget units and biennially in even-numbered  
34 years for biennial budget units, the head of each budget unit, not later than  
35 September 1 or at a later date not to exceed thirty days after September 1 if  
36 approved by the director of the governor's office of strategic planning and  
37 budgeting, shall submit to the governor, with five copies, estimates of the  
38 financial requirements and of receipts, including appropriated and  
39 nonappropriated monies in no less detail than the state general fund, of the  
40 budget unit for the next two ensuing fiscal years for biennial budget units  
41 and for the next fiscal year for annual budget units. The estimates shall be  
42 on the forms and in the manner prescribed by the governor with explanatory  
43 data that may be required, ~~together with~~ INCLUDING A DETAILED EXPLANATION OF  
44 THE FORECASTS AND ASSUMPTIONS USED TO PREPARE THE ESTIMATES FOR BUDGET UNITS  
45 THAT ARE REQUIRED TO PREPARE AND SUBMIT A ZERO-BASED BUDGET PURSUANT TO

1 SECTION 41-1272, AND MAY INCLUDE ANY additional information the head of the  
2 budget unit desires to submit. The governor may require biennial budget  
3 units to submit budget estimates more often than every two years. The  
4 ~~estimate~~ ESTIMATES so submitted shall bear the approval of the administrative  
5 head of the budget unit.

6 Sec. 4. Section 41-1272, Arizona Revised Statutes, is amended to read:  
7 41-1272. Powers and duties: finances

8 A. The joint legislative budget committee shall:

9 1. Ascertain facts and make recommendations to the legislature  
10 relating to the state budget, revenues and expenditures of the state, future  
11 fiscal needs, the organization and functions of state agencies or their  
12 divisions and such other matters incident to ~~the above~~ THESE functions as may  
13 be provided for by rules of the joint legislative budget committee.

14 2. Implement a system of fiscal notes to apply to those bills  
15 introduced in the legislature that have a fiscal impact. These fiscal notes  
16 shall also reflect the fiscal impact of legislation on cities, counties and  
17 all other political subdivisions of the state.

18 3. Implement a system of fiscal notes for any rule as defined by  
19 section 41-1001 ~~which~~ THAT has a fiscal impact.

20 4. Analyze the state tax structure, tax burdens on individuals and  
21 businesses and tax incentives for existing and prospective businesses. The  
22 analyses shall include:

23 (a) Projection of the impact of industry specific tax incentive  
24 proposals on the state revenue base.

25 (b) Comparison among states of relative tax burdens on existing and  
26 prospective businesses.

27 (c) Determination of reliance and incidence aspects of the tax  
28 structure of this state.

29 5. Implement a system of fiscal analysis that applies to those bills  
30 introduced in the legislature that involve one or more proposed changes in  
31 the tax laws. Unless it is unreasonable to do so, the fiscal analysis shall  
32 be based on assumptions that estimate the probable behavioral response of  
33 taxpayers, businesses and other citizens and shall include ~~within the~~  
34 ~~analysis~~ a statement identifying those assumptions.

35 6. ON OR BEFORE JANUARY 15 OF EACH CALENDAR YEAR, SELECT BUDGET UNITS  
36 THAT ARE REQUIRED TO PREPARE AND SUBMIT A ZERO-BASED BUDGET FOR THE FISCAL  
37 YEAR BEGINNING JULY 1 OF THE FOLLOWING CALENDAR YEAR. THE JOINT LEGISLATIVE  
38 BUDGET COMMITTEE SHALL REQUIRE EACH BUDGET UNIT TO PREPARE AND SUBMIT A  
39 ZERO-BASED BUDGET AT LEAST ONCE IN EACH TEN-YEAR PERIOD.

40 ~~6-~~ 7. Adopt rules.

41 B. The joint legislative budget committee may:

42 1. Make studies, conduct inquiries and investigations and hold  
43 hearings.

1           2. Meet and conduct its business any place within the state during the  
2 sessions of the legislature or any recess of the legislature and in the  
3 period when the legislature is not in session.

4           3. Establish subcommittees from the membership of the legislature and  
5 assign to such subcommittee any study, inquiry, investigation or hearing with  
6 the right to call witnesses ~~which~~ THAT the joint legislative budget committee  
7 has authority to undertake.

8           C. The joint legislative budget committee may obtain operational and  
9 maintenance assistance for any facility under the control of the committee  
10 without charge from the department of administration, may obtain security  
11 assistance from the department of public safety, may employ personnel to  
12 discharge operational, maintenance and security functions or may contract for  
13 outside services payable from joint legislative budget committee  
14 appropriations.

15           D. The joint legislative budget committee shall have the powers  
16 conferred by law ~~upon~~ ON legislative committees.

17           E. Members of the joint legislative budget committee shall be  
18 reimbursed by their respective houses in the same manner as is provided by  
19 law for a member of the legislature who attends a duly called meeting of a  
20 standing committee.

21           Sec. 5. Effective date

22           This act is effective from and after December 31, 2016.